

**DELAWARE STATE UNIVERSITY
AUDITING SERVICES QUESTIONS AND ANSWERS**

1. I understand that there is a bidder's conference on February 6th and was curious if attendance was mandatory. In addition, is there an option of calling in to listen instead? *The conference is not mandatory, and unfortunately telephone conferencing is not an option.*
2. Has Delaware State University been impacted by any significant changes since its last audit? *No. Except leasing Sheraton Hotel in Dover and construction of OPTICS building started in January 2014.*
3. How many hours did the prior year audit field work require? *Each firm's approach to handle field work is different. Thus number of hours, number of employees, work schedule in each category varies by each firm. Therefore, please respond to RFP according to your own firm's approach.*
4. Was there anything that you desired from your last/current auditor that you did not/are not receiving? *No*
5. What is your preferred timing for fieldwork, preliminary and final? *Please read section IV (Time Requirements) of the RFP.*
6. How long has DSU been using Grant Thornton as its audit firm, and, why are you going out to bid for the contract? *Since FY 2009. Current contract expiring.*
7. Would a firm be considered a qualified proposer if it is awaiting approval from the State of Delaware to practice and will become registered by the time a potential contract is signed? *Yes.*
8. Could you provide a summary of the prior year's staffing on the job, along with the respective weeks the firm was onsite to perform the engagement? *Please refer to the answer provided under question #3 above. In addition, DSU has changed all the financial reporting deadlines as compared to last years. Therefore, you plan your work according to the reporting deadlines listed under section IV (Time Requirements) of the RFP.*
9. Was the DSU Student Housing Foundation fieldwork performed the same time as the University audit engagement? *Yes.*
10. Were there any proposed adjusting entries in the prior year? *Yes, please look at A-133 report by contacting Cosmo Saginario at Grant Thornton, LLP at phone number 212-542-9637 or through email cosmo.saginario@us.gt.com*

11. Under C. on page 18, Dollar Cost proposal it refers to the Total all-Inclusive Maximum Price. Is this inclusive of the Student Housing Foundation? *Yes. But it should provide break down in detail.*
12. Under C., on page 18, it references rates for additional professional services. Were any additional services performed in the prior year by the accounting firm? *No.*
13. Is the Single Audit report for 2013 available for review? Were there any findings this past year? *Please look at Single Audit report by visiting <http://www.desu.edu/audit> or contact Cosmo Saginario at Grant Thornton, LLP at phone number 212-542-9637 or through email cosmo.saginario@us.gt.com. Yes there are some audit findings.*
14. I see within the RFP a reference to an Internal Audit position. What kinds of projects does this individual perform, and, has any of the work been relied upon by the accounting firm to reduce audit testing? *For answers to this question, please visit <http://www.desu.edu/audit> and look at IAAS Charter and audit plan.*
15. When are the financial statements prepared by management delivered to the audit firm? (during fieldwork, or shortly thereafter) *Shortly thereafter. Further, please read through section IV (Time Requirements) of this RFP. Financial statements and fieldwork are performed simultaneously. Preliminary statements are delivered shortly after fieldwork is complete.*
16. Will questions posed by other firms be available to all potential bidders? *All written questions and answers are posted in this area.*
17. In reading the RFP, we saw that there is a requirement for the Partner/ Sr. Manager on the engagement to have a Permit to Practice in DE. I understand the process takes 8-10 weeks to obtain a permit. Does not having this permit on the date the proposal is due (March 6) preclude us from bidding on the auditing services? Or can we state that it is in process? *Not having the permit does not preclude the firm from responding to the bid; however, before a contract is signed, the firm must have a permit to practice in Delaware.*
18. Under Section VI (Proposal Requirements), Section C (c) page 18 RFP only requires "A Total All-Inclusive Maximum Price for the 2014 engagement". Should proposer also provide this cost including details for 2015, 2016, 2017 and additional two one year extensions? *Yes as cost information is requested for FY 2014 (total and detail), you must provide similar information for fiscal year 2015, 2016 and 2017. In addition similar information is also required for two additional one year extensions, provided extensions are granted.*

19. Please provide a copy of the most recent A-133 report. *Please get a copy of the report by contacting Cosmo Saginario at Grant Thornton, LLP at phone number 212-542-9637 or through email cosmo.saginario@us.gt.com*
20. How long were the other auditor's onsite for preliminary and final fieldwork? *Answer provided under question #3 and #8.*
21. Under proposal requirements, item 10 states 'The proposal should include sample formats for required reports'. Please clarify if a full copy of financial statements is required or just the auditor's report opinion. *University is looking for sample formats not just auditor's opinion. Therefore, please provide information as requested.*
22. Please confirm whether the Delaware State Housing Foundation financial statement audit and 990 preparation should be included as a deliverable under this RFP. *Yes.*
23. What is the reason the University is going out for bid? *See answer under question #6.*
24. In prior years, have there been any delays in the audit due to delays in receiving information from third parties or other reasons? *Yes.*
25. Have there been any disagreements with the current auditor? *No.*
26. What are your expectations of your audit firm? Or alternatively, what qualities are most important to you in your audit firm? *Please refer to Section VII (C) Evaluation Criteria part of the RFP.*
27. How many auditors were in the field during interim and final fieldwork and for how long? *Please see answers under question #3.*
28. What were the fees paid to the prior auditors for the last 3 years? *As stated under question #3, each firms approach vary thus cost also vary. Please provide your cost estimates as requested under RFP instead of basing upon other firms.*
29. Any recent audits from Dept. of Education, State auditors, IRS other sources? *No.*
30. Has the leadership cabinet been together for a period of time or is it new to the University? *Leadership cabinet has been together for a period of time. VP for Finance joined Delaware State University in 2012.*
31. Are there any strategic shifts happening at the University as a whole, through business planning or modeling? *Currently University is in the process of enhancing automation.*
32. Any significant property and equipment additions/construction projects planned in the current year or in the near future? *University has acquired Dover Sheraton Hotel on*

lease basis with option to buy. At this point that is the only major change in FY2014. Also, optics building construction began January 2014.

33. Does the University provide any postretirement health or other (OPEB) benefits? *Yes. University employees are covered under the State of Delaware employees' Pension Plan. The State Employees' Pension Plan is part of the Delaware Public Employees' Retirement System, which is a blended component unit of the State of Delaware. More information can be obtained from the Delaware Public Employees' Retirement System Comprehensive Annual Report. To obtain this report, contact the Office of Pensions at McArdle Building, Suite #1, 860 Silver Lake Boulevard, Dover, DE 19904-2402 or at www.delawarepensions.com.*
34. Are there any accrued expense accounts that are difficult to audit? For example, compensated absences? *It is the University's policy, upon retirement, to pay out sick leave balances that have been accrued up to a maximum of 60 days and for the collective bargaining unit members (1007, 1267 & 2888) to pay out yearly balances that exceed 60 days at the rate of one half day for every day accrued. Therefore, the University has recorded a liability in the amounts of \$6,148,932 and \$5,753,943 to reflect earned, unused sick leave at June 30, 2013 and 2012, respectively.*
35. Are there any financial related bond covenants? Do you monitor the bond covenants throughout the year or at year-end only? What is the margin of compliance on the bond covenants? *Please see details starting from page 28 of FY2013 financials at <http://www.desu.edu/purchasing/general-accounting-and-reporting>*
36. Does the University have any letters of credit associated with the bond issuances? If so, what are their terms? *Please refer to the answer of question #35 above.*
37. Are the various net position categories recognized through Banner? In other words, do you have to prepare schedules outside of Banner to properly record net position? *Yes, net position categories recognized through Banner. Therefore, no schedules are prepared outside of Banner to record net position.*
38. Has the University assessed the impact of adoption of GASB 65 on its financial statements, including the restatement required for any bond issuance costs that were previously recorded on the statement of net position? *No.*
39. Overall, if you were the auditors what would you perceive as the higher risk areas that need more resources applied to? *No specific higher risk areas.*
40. Are there any audit areas where you have required assistance from the auditors in the current year or previous years (ie: preparing rollforward schedules)? *No.*

41. IT Department? Internal or outsourced? Approximately how many IT staff? *IT department is currently outsourced. They have part time and full time employees devoted to DSU. Currently about 7 full time employees.*
42. How is the value of the management and administrative services provided by the University to the Housing Foundation determined? *University charges monthly management fee.*
43. Have there been any other federal awards/clusters which are not part of the student financial aid cluster that have risen to a level of major program in the last 3 years? *Not that we know of.*
44. Are any material changes in federal awards dollars anticipated in the next fiscal year or in future years? *We anticipate federal award might increase every year.*
45. Are there any ARRA funds remaining to be spent? *No ARRA (American Recovery and Reinvestment Act) funds are remaining.*
46. Have there been findings in any of the last 3 years? *Yes.*
47. Who do you contract for servicing Perkins Loans or is it serviced in house? *We utilize Campus Partners.*
48. Is all necessary information for students in one file? Electronic or paper files? *Mostly online and then the rest is through electronic and some through paper.*
49. Is the most recent FYE Form 990 and 990-T (if filed) available? *Yes. Please see at <http://www.desu.edu/purchasing/general-accounting-and-reporting>*
50. Describe the University or the Housing Foundation's unrelated business activities, if any. *Not applicable.*
51. When did the University or the Housing Foundation last have a UBI study/review? Is this available for the organizations submitting a proposal? *Unrelated business income is looked at every year. It is discussed with the auditors each year but there is no such activity that can be shared.*